



April 21, 2009

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KHPA Board Hears of Impending Cutbacks *Agency Seeking Restoral of Administrative Cuts*

For immediate release:

(TOPEKA) – Budget cuts that have already been approved by the Kansas legislature will lead to staff layoffs and the elimination of some ongoing pilot projects at the Kansas Health Policy Authority. In addition, the KHPA Board was told today, further cuts now being considered by the legislature would lead to reductions in provider reimbursement rates.

“Essentially, we’re being hit from two sides,” said KHPA Executive Director Marcia Nielsen. “We have more and more Kansans applying for medical assistance as the economy worsens, but we’re getting less funding to pay for the staff and technical support we need to meet the increased demand.”

Nielsen also noted that while the state expects to receive more than \$200 million in additional Medicaid money in Fiscal Year 2010 through the American Recovery and Reinvestment Act (ARRA), most of that money is being swept into the State General Fund for other, non-Medicaid purposes.

In fact, Nielsen noted, while the legislature so far has agreed to fully fund the projected Medicaid “caseloads” – the direct cost of providing medical care to beneficiaries – it has cut 10.6 percent out of KHPA’s administrative budget, which includes staff and contractual services needed to process applications for benefits and claims for payments.

That 10.6 percent cut includes reductions already made to the current (FY 2009) budget through the so-called “rescission” bill (S.B. 23), as well as cuts included in the preliminary budget for FY 2010, also known as the “mega” appropriations bill.

KHPA Deputy Director Andrew Allison explained that the agency currently has a backlog of more than 11,000 unprocessed applications for medical assistance. He said that’s the result of an increased volume of applications flowing into the agency each month and reductions in staff that have already been made to meet budget targets for the current fiscal year.

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To clear up that backlog and help manage the increased workload resulting from the economic downturn, KHPA requested \$1.034 million in additional funding in the upcoming “Omnibus” appropriations bill (including \$448,000 from the state general fund) to hire additional staff at its clearinghouse operation which processes new applications and screens them for eligibility.

In her proposed budget amendments released earlier today, the governor recommended less than half that amount - \$498,000 all funds, including \$217,450 SGF – for additional clearinghouse resources.

“Delays in processing applications could jeopardize our compliance with federal rules, which say applications have to be processed within 45 days,” Allison said. “That could jeopardize future federal Medicaid funding. It also raises concerns about civil liability, because when you delay getting eligible people approved for Medicaid, you’re effectively delaying benefits that they’re legally entitled to receive.”

To meet budget reduction targets for FY 2009, KHPA is currently holding open 28 staff positions, or about 10 percent of its authorized workforce.

Additional cuts needed to meet reduction targets for FY 2010 include:

- Eliminating another 10 staff positions
- Contract reductions that would eliminate another six positions at the agency’s fiscal agent contractor, EDS
- Terminating the Community Health Record pilot project in Sedgwick County, thus reducing resources for safety net clinics in that area
- And terminating the Medicaid Enhanced Care Management project which provides chronic care management for disabled and elderly Medicaid beneficiaries in Sedgwick County

According to Nielsen, if additional cuts are made in the upcoming “Omnibus” appropriations bill, KHPA will have no choice but to reduce reimbursement rates for Medicaid providers.

“That would be very unfortunate,” Nielsen said. “We already have a difficult time in many parts of the state getting doctors, dentists and other providers to agree to participate in Medicaid because the reimbursement rates are already low. Reducing them further would only compound that problem.”